

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 1735 - SB 2291

April 19, 2022

SUMMARY OF BILL AS AMENDED (013807, 017322): Lowers, from 21 to 18, the minimum age required for a person to lawfully carry a handgun, whether openly or concealed. Removes certain military service requirements for a person 18 years of age to lawfully carry a handgun, whether openly or concealed.

Lowers, from 21 to 18, the minimum age required for a person to obtain an enhanced, lifetime enhanced, and concealed handgun carry permit. Removes certain military service requirements for a person 18 to 20 years of age to obtain an enhanced, or lifetime enhanced, handgun carry permit.

Creates a Class A misdemeanor offense for intentionally or knowingly selling a ghost gun kit.

FISCAL IMPACT OF BILL AS AMENDED:

**Increase State Revenue - \$163,500/FY22-23/Handgun Permit Division
\$107,900/FY23-24/Handgun Permit Division
\$53,900/FY24-25/Handgun Permit Division**

**\$51,800/FY22-23/Tennessee Bureau of Investigation
\$34,200/FY23-24/Tennessee Bureau of Investigation
\$17,100/FY24-25/Tennessee Bureau of Investigation**

**Increase State Expenditures – \$3,400/FY22-23/Handgun Permit Division
\$2,200/FY23-24/Handgun Permit Division
\$1,100/FY24-25/Handgun Permit Division**

**\$22,600/FY22-23/Tennessee Bureau of Investigation
\$14,900/FY23-24/Tennessee Bureau of Investigation
\$7,500/FY24-25/Tennessee Bureau of Investigation**

**Increase Local Revenue - \$15,500/FY22-23
\$10,200/FY23-24
\$5,100/FY24-25**

HB 1735 - SB 2291

Assumptions for the bill as amended:

- Pursuant to Tenn. Code Ann. § 39-17-1366 (b)(3), in order to qualify for a concealed handgun carry permit, among other requirements, an applicant must meet the qualifications for issuance of an enhanced handgun carry permit. Thus, in addition to lowering the age to obtain an enhanced or lifetime enhanced permit, the proposed legislation would have the effect of also lowering the lawful age to obtain a concealed carry permit to 18.
- It is assumed that the Department of Safety's (DOS) Handgun Permit Division will realize an increase in revenue from the cohort of potential permit applicants aged 18-20 who will no longer need to wait until age 21 to apply.
- This increase in revenue is estimated to diminish at a steady rate over the course of three fiscal years, at which point the surge effect of the proposed legislation on permit revenue will have levelled out.
- Based on information provided by DOS, the total number of applicants aged 18 that will apply for any one of the three relevant permits is estimated to be 564 in FY21-22.
- Between 2020-2021, the respective percentages of permits issued for each type among the relevant group was as follows:
 - Concealed – 39%
 - Enhanced – 36%
 - Lifetime Enhanced – 25%
- The fee for an original issue of each is as follows:
 - Concealed – \$65
 - Enhanced – \$100
 - Lifetime Enhanced – \$300
- From every enhanced and lifetime enhanced fee paid, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check; \$15 is allocated to the Tennessee Bureau of Investigation (TBI) for updating and maintaining their databases; \$35.15 is allocated to the TBI to cover the cost of fingerprint vendors, TBI background checks, and Federal Bureau of Investigation (FBI) fingerprint background checks.
- Therefore, the revenue that accrues to the DOS after background fees are disbursed is as follows:
 - Concealed – \$65
 - Enhanced – \$34.85
 - Lifetime Enhanced – \$234.85
- The increase in revenue in year one related to 18-year-olds is estimated to be \$54,487:
 - Concealed – $(564 \times 39\% \times \$65) = \$14,297$
 - Enhanced – $(564 \times 36\% \times \$34.85) = \$7,076$
 - Lifetime Enhanced – $(564 \times 25\% \times \$234.85) = \$33,114$
 - Total – $(\$14,297 + \$7,076 + \$33,114) = \$54,487$
- It is assumed the same amount of revenue will be received from 19 and 20-year-olds.
- Therefore, the total increase in revenue to DOS is estimated to be as follows:
 - \$163,461 $(\$54,487 \times 3)$ in FY22-23.
 - \$107,884 $(\$163,461 \times 66\%)$ in FY23-24.
 - \$53,942 $(\$163,461 \times 33\%)$ in FY24-25.

- The DOS will incur an increase in expenditures related to printing new permits cards. The estimated cost per permit is \$1.99.
- Therefore, the total increase in expenditures to DOS is estimated to be as follows:
 - \$3,367 (1,692 permits x \$1.99) in FY22-23
 - \$2,222 [(1,692 permits x 66%) x \$1.99] in FY23-24
 - \$1,111 [(1,692 permits x 33%) x \$1.99] in FY24-25
- For each new enhanced and lifetime enhanced permit application, the TBI will receive \$50.15. The increase in revenue to the TBI is estimated to be as follows:
 - \$51,755 (1,032 permits x \$50.15) in FY22-23
 - \$34,158 [(1,032 permits x 66%) x \$50.15] in FY23-24
 - \$17,079 [(1,032 permits x 33%) x \$50.15] in FY24-25
- The TBI reports an expense to the fingerprint vendor of \$8.65, and an additional expense of \$13.25 to the FBI per background check, for a total expenditure per background check of \$21.90 (\$8.65 + \$13.25).
- Therefore, the total increase in expenditures to the TBI is estimated to be as follows:
 - \$22,601 (1,032 permits x \$21.90) in FY22-23
 - \$14,917 [(1,032 permits x 66%) x \$21.90] in FY23-24
 - \$7,458 [(1,032 permits x 33%) x \$21.90] in FY24-25
- From every enhanced and lifetime enhanced fee paid, \$15 is allocated to the applicable sheriff's department to cover the cost of a local background check. Therefore, the total increase in revenue to local sheriff's offices is estimated to be as follows:
 - \$15,480 (1,032 permits x \$15) in FY22-23
 - \$10,217 [(1,032 permits x 66%) x \$15] in FY23-24
 - \$5,108 [(1,032 permits x 33%) x \$15] in FY24-25
- The proposed legislation is not estimated to change the current rate of permit renewals.
- "Ghost gun kit" is defined in the proposed legislation as a kit containing parts or pieces that can be assembled to create a firearm with no serial number.
- Ghost gun kits are widely available for purchase online and at gun shows across the country, and have thus far been subject to little regulation. However, the United States Department of Justice (DOJ) recently announced new rules designed to require serial numbers on the frame or receiver components of ghost guns, require background checks for purchasers, and other measures aimed at making them easier to trace.
- It is not known how many ghost guns or ghost gun kits may be in circulation in the state of Tennessee, nor how many people or entities are involved in the business of selling ghost guns or ghost gun kits.
- According to the DOJ, the use and prevalence of ghost guns has risen sharply in recent years. DOJ states that from January 2016 to December 2021, the United States Bureau of Alcohol, Tobacco, Firearms, and Explosives received approximately 45,000 reports of suspected ghost guns recovered by law enforcement in criminal investigations across the country. In 2016, the number was 1,758; in 2021, the number was 19,344.
- According to the Tennessee Bureau of Investigation (TBI), the bureau does not track ghost guns, and has thus far recovered only one ghost gun during an investigation.
- It is assumed ghost gun kits are bought and sold in Tennessee. However, considering that the TBI has no current program to track such activity, ghost guns have not yet shown up in a meaningful way in criminal investigations, the guns as defined in the legislation are incredibly difficult to trace to a seller, and the recent rules enacted by the

DOJ, which, assuming compliance, would place the bulk of ghost gun kits available online and at gun shows outside of the definition provided in the proposed legislation (by requiring serial numbers), it is assumed that there will not be a significant number of convictions for the proposed offense, and therefore, no significant increase in local expenditures related to incarcerations.

- Any impact on state or local sales tax revenue is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jj